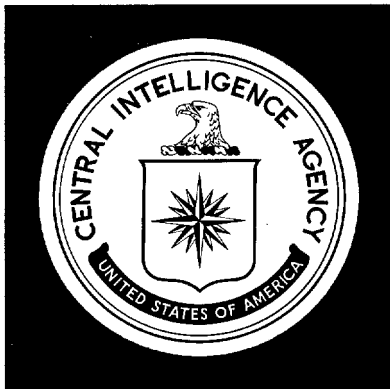


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OFFICE OF
NATIONAL ESTIMATES

MEMORANDUM

Does It Matter Who Succeeds SATO?

Secret

29 June 1972

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

29 June 1972

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MEMORANDUM

SUBJECT: Does it Matter Who Succeeds Sato?

NOTE

On 5 July, elections will be held for a new president of the ruling Liberal Democratic Party (LDP), Prime Minister Sato having announced that he is resigning from that office which he has held since 1964. Shortly thereafter, the newly elected president of the LDP will be voted as the next prime minister at a special session of the Diet, by virtue of the party's overwhelming majority.

The shift in leadership comes at a time when Japanese policies are in the process of adapting to new world situations, and change is inevitable. But this memorandum argues that basic alterations in Japanese foreign policy are unlikely no matter who is chosen to succeed Sato. What can be affected is the style of performance, and the extent and timing of further movement toward a more independent and assertive posture.

* *This memorandum was prepared by the Office of National Estimates and discussed within CIA.*

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DISCUSSION

The Cast of Characters

1. When the durable Eisaku Sato finally bows out of office next week some of the relative complacency about Japan's direction may also be departing. The 71-year old Sato, master juggler of consensus politics, has been a known factor during his record tenure of nearly eight years as prime minister. His stewardship has been firmly grounded on traditional conservative values and on a foreign policy basis of cooperative association with the US. But will the same or similar political guidelines hold in the future, or is Sato, in effect, a survivor of a dying age? The winds of change in Japanese social and political outlook are already stirring, and the choice of the next prime minister may provide some index as to the rapidity and extent of the ongoing transformations. The changeover in leadership, moreover, comes at a time when Japan is actively seeking a new world role and is engaged in sorting out the various policy options open to it.

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2. In a sense, the two leading candidates -- Foreign Minister Takeo Fukuda and Trade Minister Kakuei Tanaka -- represent, respectively, tradition *vs* change, even though in actual practice such distinctions might well be overdrawn. Fukuda, 67, a graduate of the prestigious Tokyo University and in all other respects the model of what a postwar Japanese leader should be, is a seasoned bureaucrat who has held all the right jobs in a governmental career spanning several decades. Tanaka, on the other hand, at 54 is considered quite young for leadership by traditional Japanese standards, and is a departure from the norm in other important ways as well. A graduate of a technical school only, Tanaka is a self-made man who became a millionaire in the construction business; a non-bureaucrat, he is instead a professional politician who was first elected to the Diet at age 27.

3. Tanaka's aggressiveness and resourcefulness have never been more apparent than in his stunning scramble within the past few weeks to the front running spot over Fukuda, who not too long ago was considered a shoo-in as Sato's heir apparent. Tanaka has compensated for his

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limited financial backing from big business interests, which generally favor Fukuda, by dipping into his own plentiful funds in soliciting support among the party's electors. More than anything, though, Tanaka's impressive track record and aura of success is producing a bandwagon effect. This aspect is well illustrated by the recent shift to Tanaka's side by former defense director Yasuhiro Nakasone, another "youngster" who has undisguised ambitions of his own to scale the political heights within this decade.

4. The two other candidates for Sato's job are Takeo Miki (65) and Masayoshi Ohira (62), both former foreign ministers and both important faction leaders in the ruling party. Miki showed impressive strength in 1970 when he ran for the second time against the then solidly entrenched Sato. A self-styled idealist, a loner and maverick, he has the reputation of being a man of ideas. Like Tanaka, Miki is a pure politician rather than a bureaucratic product. In contrast, Ohira has a conventional bureaucratic background and is known as a classic compromiser. He represents the second choice of big business after Fukuda.

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The Electoral Process

5. Since the public is not directly involved in the process of selecting the prime minister, issues have not been particularly important in these elections. Nor have the qualities of charisma and eloquence -- the normal tools of mass persuasion -- counted for much. The election is decided by a majority vote of the party's Diet members plus single representatives from each of the provinces, making a combined total this time of about 480 electors. Working within such a relatively limited group, the candidates and their lieutenants are able to make individual appeals for support based on personal loyalties, favors owed or sought, monetary gifts, and the promise of posts either in the new cabinet or in the party structure. Above all, the individual Dietman is concerned about preserving his chances for reelection through effective party support.

6. The fact that the balloting for party president is secret can introduce a strong element of uncertainty, no matter how the arithmetic looks beforehand. Despite this factor, past elections frequently have been mere formalities, a consensus having been reached well ahead

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of time on a successor. This time, however, the race is wide open. The intense tactical maneuverings of the past several months for both short and long term political advantages, and the clash between the traditionalists and modernists threaten to cause serious and lasting divisions in the party. Since the LDP's formation in 1955, the party's "mainstream" faction (heirs of former prime ministers Yoshida and Kishi) have all but dominated the presidential elections, which have been marked by byzantine dealings among the various factions. A growing number of younger elements are dissatisfied with this type of leadership and are anxious to rejuvenate the party's image in hopes of checking the steady erosion of LDP support among urban and youthful voters in the general elections. The older party members, while paying lip service to the need for reforms, nevertheless are chary about losing their pre-eminent position in the party.

Sato's Interests

7. In the interests of party harmony, Sato had hoped to avoid just such a bruising battle over the succession. There is still a remote chance that he will

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be able to arrange a negotiated settlement at the last moment. But the intense rivalry between the Fukuda and Tanaka camps, which is tending to polarize the party as never before, makes a compromise highly unlikely. Perhaps even a more serious handicap is Sato's own diminished political strength.

8. Sato's cherished aim has been to assume the role of *genro* -- respected elder statesman -- after retirement. From this position he could expect to exert considerable influence in party and government affairs in the years immediately ahead. To achieve this goal, however, Sato must end up behind the winner. His preference clearly is Fukuda because the two are of the same generation and share the same values. Sato would not like to see his own cautious approach to issues, such as the China problem, overturned too rapidly by an innovator successor. He recently told reporters that he is willing to pass the baton to any successor but that it was essential that the speed of the runner receiving the baton must match his own. In this respect, Sato's renowned political skill faces a most severe

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test, since on paper at least Tanaka seems to have the edge. But neither Tanaka or Fukuda, in the present four-man race, can win a majority on the first ballot, and a runoff between the two of them will be necessary. And it is at this point of crucial maneuvering among the electors that Sato may best play his cards.

The Outcome: Does it Matter?

9. All of the candidates naturally have spoken in favor of the Japanese equivalents of mother, home, and country. They all pledge to work for continued close association with the US, the maintenance of the mutual security treaty, peaceful diplomacy and avoidance of militarism, the normalization of relations with China, and greater emphasis in the economy on the quality of life rather than on an ever higher GNP. Differences among the candidates would most likely be more in degree than in substance, as well as in personal style. But even within these limitations there could be implications for Japanese-US relations.

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10. If Fukuda wins, with Sato's backing, substantial continuity of present domestic and foreign policies could be expected over the next three years, a crucial period of adjustment for Japan to new world situations. (The term of LDP president was amended last year from the previous two years to three, with only one reelection possible in contrast to no such limitations previously. Because of his age, Fukuda would most likely serve for one term only). With his orthodox views on domestic and foreign issues he could be counted on to give Japan firm leadership, yet one flexible enough to accommodate new requirements. On the China problem, he has said that he would be willing to visit Peking personally for discussions, but his negotiating stance undoubtedly would still reflect his past close ties with the Chinese Nationalist regime on Taiwan. Peking officials have indicated little affection for Fukuda; nevertheless, they appear willing to deal with any successor to Sato provided he is willing to accept China's conditions -- the main sticking point now being the abrogation of Japan's 1952 peace treaty with Taiwan prior to the opening of normalization talks. In the final analysis, Fukuda seems willing to surrender Japan's

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formal ties with Taiwan, but like Sato, is not anxious to be forced into this position before talks with Peking begin. As a possible bargaining lever against the Chinese, Fukuda might be inclined to pursue actively the prospects of a peace treaty with the Soviets.

11. Tanaka's performance as a prime minister would be less predictable. Whether he could deliver the decisive type of government he has promised is open to question. He has developed virtually no set policies on any subject, concentrating instead on intraparty maneuverings. He has a "progressive" image, is open to new ideas, and knows how to compromise. He probably would compensate for his lack of experience in the foreign field by designating an expert -- such as Ohira -- as foreign minister. Tanaka's open record on the China question could well facilitate an early settlement. On the domestic front, he has proposed far-reaching social welfare measures, and has promised to bring government close to the people. Tanaka's unorthodox background has placed him at a disadvantage in gaining the broad support of conservative big business interests, yet they recognize his quick mind and pragmatic approach as important

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attributes. Garrulous and outgoing, Tanaka enjoys unusual public popularity, an asset that the LDP could use at the polls. Still, it is precisely such traits as these, together with Tanaka's non-bureaucratic background and a reputation for fast dealing in business that cause many older Japanese to question his "appropriateness" to represent Japan in the world eye. In terms of relations with the US, Tanaka -- while recognizing the value of maintaining close ties -- might prove to be much more assertive and self confident, particularly in differences in the economic field. In any event, his accession to power at this time would strengthen the hands of younger, more nationalistic Japanese elements seeking a much more independent image for Japan.

12. Ohira, like Sato, places considerable importance on maintaining harmony and consensus on both foreign and domestic issues. At one point last year, before Tanaka decided to run, Ohira seemed confident of victory, but now is running third. His only real chance would be as a last minute compromise candidate. Experienced in foreign relations, Ohira also has interest in national economic management. He stresses the need for shifting the

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course of the economy from a growth policy to environmental improvement and the development of the social infrastructure. On China, Ohira favors a cautious approach, but has attempted to project a more positive image than the present administration. As head of government, Ohira likely would have a balancing effect, with no unexpected twists or turns in policy.

13. Miki's strength does not lie in the mainstream of the party, and he generally lacks the confidence of big business. His views on issues tend to be too outspoken and too reformist to please conservative interests. His career, in effect, reflects the image of a man ahead of his times and unable or unwilling to slow down. During the war he refused to support the fascist substitute for political parties, and in the early postwar years drifted in and out of various small conservative groups. At present, he is urging an expeditious settling of differences with Peking, essentially by admitting that Japan has been in error in trying to confuse Taiwan with China, and by explicitly accepting Chinese conditions including formal abrogation of the treaty with Taiwan. Miki is not anti-American, but firmly believes in the necessity for readjusting Tokyo's relations with Washington in a broader, world context.

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14. In an analysis like this it is easy to impute too much importance to the leadership capabilities of a single individual. In the Japanese system, the prime minister, while powerful, is still only the first among equals. He can set the tone, but the cabinet, like other groups in Japanese society, is collectively responsible for its policy decisions. Moreover, the balance of influence in the government among the entrenched bureaucracy, big business, and political elements tends to work against non-consensus policies. The considerable insulation of the policy-making forces from mass public opinion also minimizes pressures for change. Despite a gradual shift of the center of gravity in the LDP from somewhat right of center to a more middle position, and the increasing accession of younger generation elements, the style of government is not likely to alter much -- at least in the next several years -- from the cautious, consensus-oriented and pragmatic patterns of the past. Nevertheless, if Tanaka should win, much tradition will have been set aside, new precedents established, and at least a start made on Japan's move toward a more self confident and assertive type of leadership more compatible with

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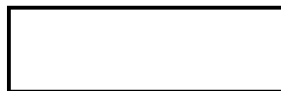
its economic strength. This new style would present the US with some problems of adjustment; it would also hold the promise of Japan's playing a more active and meaningful role in world affairs.

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MEMORANDUM FOR: Ray S. Cline
Director, INR

A copy of the attached paper has been sent to
Richard Erickson and Herbert Levin, EA/J.



JOHN HUIZENGA
Director
National Estimates

29 June 72
(DATE)

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